

GREENFIELDS SEWER DISTRICT

Hyde Park, NY

REORGANIZATION STUDY AND PLAN

**Evaluation of District Dissolution and
Transfer to Dutchess County
Water and Wastewater Authority**

January 2015

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INTRODUCTION

Partnership and Evaluation

The challenges of maintaining aging infrastructure and growing complexities in the regulation of sewer systems, coupled with the current economic climate and growing pressures to reduce the costs of providing municipal services, has prompted the Town of Hyde Park (Town) to partner with the New York State Department of State (DOS) and the Dutchess County Water and Wastewater Authority (DCWWA) to evaluate alternative solutions to continue providing sewage treatment to the residents of the Greenfields Sewer District. To advance this effort, the Town formed a Re-organization Study Committee (RSC) that includes representatives from the Town Board, the Greenfields Sewer Advisory Committee and DCWWA Staff, and charged the RSC with the task of developing this Reorganization Study. The Town Attorney and Town Consulting Engineer, along with additional DCWWA staff, provided technical advice to the RSC.

The goal of the Project is to determine whether meaningful benefits can be realized by dissolving the existing Town Greenfields Sewer District, and transferring ownership and management responsibilities for the sewer system to the Dutchess County Water and Wastewater Authority (DCWWA). Benefits are considered to include; improved efficiency and quality of service delivery; keeping rates as low as possible while taking into account both the current system's operational expenses as well as long-term maintenance and rehabilitation of infrastructure; and improved efficiencies, services and savings Town-wide as local government officials are relieved of the increasing complexities of operating and managing small sewer systems and thereby able to commit greater time and attention to core municipal functions.

Over the coming years, the Town faces significant issues in terms of financing and managing the necessary maintenance, repair and future rehabilitation of the sewer system's aging infrastructure. Yet there are inherent difficulties faced by the Town, as with all municipalities, in meeting these challenges, most notably the competing demands on the time and resources of local government officials, the lack of full time staff with the necessary technical knowledge and experience, and the difficulty, in the face of biennial coterminous elections, of maintaining continuity in system oversight and the management of capital projects with two to four year life cycles. Specialized expertise and a long-term planning perspective are needed to develop alternative, regional solutions to optimize operational and capital efficiencies found with increasing scale, leading to stability in customer costs.

In contrast, the DCWWA has full time professional staff dedicated to the proper operation and long-term management of water and wastewater systems, with a long track record of successfully managing infrastructure rehabilitation and improvement projects. Through consolidated management with existing DCWWA systems, there are opportunities for

economies of scale and improved efficiencies.

This Reorganization Study Report is the result of the RSC's efforts to evaluate the potential dissolution of the Town's Greenfields Sewer District (the District) with the intent that ownership of the system and responsibility for the provision of sewer services would be transferred to the DCWWA.

GOALS AND OBJECTIVES

Specific objectives of this Re-organization Study include:

1. To develop a full understanding of the Greenfields Sewer wastewater treatment plant and collection system in terms of its current physical condition and performance compared to SPDES permit and general regulatory compliance, and the short and long term capital improvement needs;
2. To develop a full understanding of the fiscal condition of the District, in terms of actual revenues versus actual expenses, and availability of sufficient fund balance, and to understand future expenses and revenue requirements needed to properly operate and maintain the facilities into the future;
3. To develop a full understanding of the District's liabilities and indebtedness, possible opportunities to reduce debt service expenses, and the potential options for disposition resolution of outstanding debt in the event of a transfer of ownership;
4. To develop a full understanding of any legal issues arising or potentially arising from the dissolution of the District, transfer of ownership of facilities, and establishment of sewer services by the DCWWA;
5. To identify the steps and timelines for dissolving the District and transferring ownership of facilities to the DCWWA.
6. To develop an accurate estimate of costs of dissolving the District and transferring ownership of facilities to the DCWWA; and
7. To educate District customers/property owners regarding the implications of dissolving the District and transferring ownership of facilities to the DCWWA, and to gauge the level of public support for such action.

To meet the above objectives, the Town retained the firm of T&B Engineering P.C. to complete the engineering evaluation. Their full report is provided as Appendix A. Legal analysis was provided by the Attorney to the Town is included as a Memorandum as Appendix B. The financial evaluation was completed with Town and DCWWA staff. DCWWA staff prepared the estimates of projected expenses and revenue requirements under DCWWA ownership.

Should the Town Board decide to dissolve the District, the Study will provide them with a road map of the steps to be taken and an estimate of the expenses that will be incurred

(Draft Reorganization/Dissolution Plan.) Should the Town Board determine to maintain the District and ownership of the system, the Study will have provided them with an improved understanding of the physical and financial condition of the District, and will thereby provide the basis for efficient and effective management of the system moving forward.

Overview of the Town

The Town of Hyde Park is located within the eastern portion of Dutchess County New York. Among its many municipal duties, the Town is responsible for the operations and maintenance of six water and two sewer special improvement districts, with responsibility for a third sewer district shared with the Town of Rhinebeck. Administration of the Town is directed by a five person Town Board, including a Supervisor (representing the entire Town) and four Town Board Members representing four separate Wards. The Supervisor and Board Members are each elected to serve two year coterminous terms. The Supervisor serves as the chief executive officer of the Town. The Town Board is the legislative body responsible for establishing policy and sanctioning expenditures.

The Greenfields Sewer District (District) is a special improvement district that provides sewage treatment service to 281 residential customers and 119 vacant lots included in the original planned development. The District is an administrative subdivision of the Town, managed directly by the Town Board. The Town does not have in place Rules and Regulations for the governance of the District. The Town Board appoints residents from within the District to an Advisory Committee charged with providing the Town Board with general advice regarding the oversight of the District. The Town's Comptroller Office oversees the financial management of the District. A full time Senior Account Clerk evaluates requisitions. A part-time Clerk processes payment for contracted work and materials. The Town's Receiver of Taxes collects utility payments from District customers and annually collects unpaid amounts through the relevy tax process.

The Town relies on a private contract operations firm to handle day to day operations, including management of sewage collection, treatment and discharge, regulatory compliance including sample collection and interpretation, preparation of monthly reports, and routine equipment and facility maintenance. Major repairs, emergency response and additional services such as customer tracking and development of customer bills, are provided on a time and material basis, as defined by the operations contract or additional proposals. The Town Consulting Engineer advises the Town on an as needed basis.

Overview of the DCWWA

Purpose of Powers of the DCWWA

The Dutchess County Water and Wastewater Authority (DCWWA) is a public benefit corporation that was established in 1991 by an act of the State, at the request of Dutchess County. The DCWWA is empowered to supply water; to accept and treat wastewater; fix rates and collect charges for its services; to acquire real property; and to issue debt, among other powers. In carrying out its functions, the DCWWA is deemed to be acting in a governmental capacity; the DCWWA is tax-exempt, it must comply with general municipal law requirements regarding competitive procurement practices, and its actions are subject to the requirements of the State Environmental Quality Review Act (SEQRA.) As a public organization, the DCWWA is subject to Open Meetings and Freedom of Information Laws.

The DCWWA is governed by a Board of Directors appointed by the County Executive and the County Legislature, for staggered five year terms. Ex-officio board members include the Dutchess County Commissioner of Planning and Development, and the Manager of the County Soil and Water Conservation District. The DCWWA has a full time professional staff of 20 including management, project and administrative staff, a staff engineer and licensed water and sewer operators. The DCWWA operates its systems with a combination of staff operators and contract operators.

The DCWWA currently owns and operates eleven water systems, three sewer systems and one water transmission system, located within ten different municipalities. Collectively these systems serve just over 4,100 residential and commercial customer connections. Since 1995, the DCWWA has completed over \$45 million in capital improvement projects, the largest of which was the \$23 million Central Dutchess Water Transmission Line.

System Description

Greenfields Sewer District

The Greenfields Sewer District is located along the southeast quadrant of the Town of the Town of Hyde Park. The District has 404 individual properties and 281 connected customers. The Town District is comprised of 194 detached single family developed lots, 79 attached single family dwellings, eight two-family dwellings, one water treatment plant parcel, one sewage treatment plant parcel, two Town owned park parcels, one open-space parcel and 119 undeveloped lots. At the request of the developer, the Town acquired the privately held Greenfields Sewer Corporation in 1977, and formed the current Special Improvement District.

Collection

The Greenfields Sewer District collection system is a network of gravity mains and manholes with three main trunks lines emanating from the wastewater treatment plant.

Sewage Treatment System

The Greenfields Wastewater Treatment System uses primary clarification, rotating biological contactors, secondary clarification, sand filtration, chlorine contact chamber, post aeration and outfall to discharge a permitted flow to a tributary of the Fall Kill creek before draining to the Hudson River. A generator provides power in the event of a failure.

Engineering Evaluation

An engineering evaluation of the Greenfields Sewer System may be reviewed in the full text of the Greenfields Sewer District Evaluation Report prepared by T&B Engineering, P.C. (Appendix A.) A brief summary of the report is provided below.

Overall, evaluating engineer has reported the District is in fair condition, and that there are several items that will need to be addressed to ensure continued success. While the wastewater treatment plant generally meets the conditions of the discharge permit, there have been numerous violations. It was also noted that there are some process equipment components that do not meet current standards, and corrective measures have been recommended.

Collection

The majority of pipes in the Greenfields collection system are asbestos concrete pipe, which was manufactured and installed in the US from 1950 to 1970. The pipe has a service life of 50 years, which the GFSD is approaching. After 50 years the pipe begins to experience significant failures, which is intensified in areas where pipe is regularly exposed to groundwater and aggressive soils. The 2013 average daily flow to the Greenfields WWTP was 70,000 gpd or 49 gpm, versus an average daily demand in the co-terminus Water District of 42,700 gpd. The evaluating engineer determined peak flow to the plant is expected to be 135 gpm or 194,000 gpd. As noted in the engineer's report, the current installation should in theory have sufficient capacity for existing residential flows. However, due to infiltration and inflow (I&I) entering the collection system, the plant has seen flows as high as 407,000 gpd. During these peak flows, the evaluating engineer estimated the portion of inflow to be in the amount of 334,000 gpd. Efforts in the past to identify sources of stormwater entering the system resulted in a large improvement project in 2004.

As part of this collection system evaluation scope, the manholes were inspected for condition and susceptibility to infiltration and inflow. The results of this investigation show the majority of the manholes were in good condition and presented no or minor indications that they are points of entry for I&I.

Based on observed flows during the manhole inspection, it was determined that targeted video inspection of sewer mains would be conducted in trouble areas in the collection system. This inspection identified several areas of concern. Between SMH 3050 and SMH 3060 there appears to be an increase in flow potentially associated with a stream crossing. Generally, manholes in this section appear to have flows beyond the capacity of their channels and pipes. In general, the largest source of flow into the sewer system observed during video inspection was from service laterals. This presents several difficulties in approaching remediation. Typically the lateral within the sewer right-of-way is maintained by the municipality, the remaining portion of the lateral is owned/maintained by the resident being served. Thus the location of a leaking lateral joint would dictate who would typically be responsible for the repair and may take the possibility of repair out of the hands of the municipality as it may be difficult to compel a homeowner to fix their lateral. Also, sump pumps may be responsible for the clear lateral flows. While it is not permissible to connect sump pumps to sewer lines, it is common and very difficult to identify connections and enforce removals.

While the anticipated dry weather flow from the Greenfield East portion of the district should be easily accepted by the treatment plant, the on-going I&I issue makes acceptance of additional flow sources ill-advised until I&I flows to the plant can be significantly reduced. It is also likely that NYSDEC would not approve any sewer service extensions until resolution of the I&I issue.

The consulting engineer recommends addressing the inflow and infiltration through a collection system inspection and repair program.

Wastewater Treatment Plant

As the Greenfields Wastewater Treatment Facility (WWTP) is now about fifty years old with a mix of original infrastructure and recent rehabilitation projects undertaken during the Town's ownership, it is generally recognized that most system components are beyond their typical service life. The evaluating engineer has indicated the condition of the WWTP is in fair condition with significant improvements needed to remain successful.

The evaluating engineer identified several treatment modules that, although functional, are undersized per modern standards (Ten State Standards). Despite the age of many concrete tanks, they are in surprisingly good condition requiring patching and protective coatings to extend their life span. Specific components within the primary clarifier and sludge handling systems were identified as requiring updates. The Rotating Biological Contactors and tanks were identified as being in acceptable condition. Sand filter dosing pumps, their controls and distribution boxes require maintenance and/or replacement. The existing blowers and air distribution piping has far exceeded its service life, and is in disrepair. The RBC room is in serious disrepair and may create a hazardous environment. The underground oil storage tank for the generator has served beyond its useful life span and should be

removed following an inspection.

The secondary clarifiers are original steel clarifiers that are not compliant with current regulations for size or depth. The air lift piping that serves the clarifiers is significantly deteriorated and many valves do not operate. The clarifier walkways are deteriorated and unsafe. The evaluating engineer concluded that the number of safety, structural, electrical, and process mechanical deficiencies were excessive and the cost to repair them would be significantly greater than the cost to replace the secondary clarifiers. As such, replacement of the secondary clarifier is recommended. The arrangement and design of the facility is anticipated to adequately allow for sequential replacement of individual system components while keeping the treatment system operational. The inadequate solids entrapment has impacted downstream treatment modules and potentially contributing to recent SPDES permit exceedances for NH₃ and BOD.

It is likely that decant from the sludge tank (supernatant) is a significant contributor to RBC upset and resulting permit violations. A consistent approach should be developed to the sludge decant process, which accounts for the high strength loading that can occur as a result of this activity. pH adjustment of decant may be required. Also, winter operations for sludge tank piping should be developed.

The sand filters are undersized based on the current Ten States Standards. Three filters should be in use at all times with more frequent dosing, and rotation between the three active filters for each dose. An operation and maintenance plan for the sand filters should be developed. The plan should include a recommended approach for sand maintenance and weed control. Also the use of air and chlorine in the dosing chamber should be reviewed.

As noted above WWTP experiences significant inflow and infiltration during storm events. Facility flow meters record events several times the daily design and permit flow. These elevated flows from the collection system place undue pressure and wear on the treatment modules while presenting a serious risk of bypass occurring at several points in the WWTP.

The consulting engineer has identified operational and safety deficiencies at the WWTP. All safety and mechanical items have been prioritized or addressed by the current owner.

Urgent Items are recommended to be addressed in the next six months or fewer. Key recommendations include:

- Installation of appropriate safety signage including chemical, hazard, fall prevention and other warning signs.
- Provision of fully functioning eye wash stations
- Construction of tank railings where missing or inadequate
- Evaluation of buried generator fuel tank condition
- Installation of machine guards on blower and RBC exposed components
- Provision of influent grinder disconnect switch

- Installation of adequate exterior lighting
- Replacement of secondary clarifier walkways
- Replacement of dosing tank control panel and motor starters
- Establishment of working secondary means of egress from RBC building to outside.
- Preparation of a primary gear reducer replacement plan. This unit is way beyond its service life, and while it continues to operate effectively, its replacement will be a lengthy process.
- Provisions of secondary containment for any bulk chemical storage. Consider replacing existing chemical storage tanks with chemical delivery IBC 'totes'.

Short Term Items are recommended to be addressed in the next five years or fewer. Key recommendations include:

1. Primary Clarifier Sludge Sludge/Scum System Replacement
2. Secondary Clarifier Replacement
3. Air System Replacement
4. Outfall Clearing

Short Term Studies are recommended to be addressed in the next five years or fewer. Key recommendations include:

1. Easement Procurement
2. Sludge Tanks Operation & Maintenance Plan
3. Sand Filter Operation & Maintenance Plan

The following table, excerpted from the Evaluation Report, summarizes the anticipated investment required in the system for the Short and Long Term Items. For additional detail refer to Sections 2 of the Evaluation Report. Note that the table below includes the estimated total project cost, but does not include projected cost escalation over time. For additional breakout, refer to Appendix D of the Evaluation Report.

Action Category	Total Capital Cost
Short Term (within next 5 years)	\$ 1,220,100
Long Term (within 5 -15 years)	\$ 1,264,300
Total	\$ 2,484,400

FINANCIAL REVIEW AND EVALUATION

The Town of Hyde Park annually develops a budget to operate and maintain the Sewer System, taking into account anticipated expenses for labor, electric, chemicals, insurance, laboratory fees and so on. A public hearing is held on the proposed District budget in conjunction with Town's overall budget development process.

Sewer Rates

The District bills sewer customers on a flat rate quarterly charge of \$85, or \$340 annually.

Charge	Type	Rate	Typical Annual Charge Per Customer
Flat Rate Sewer	Quarterly Charge	\$85	\$340
		Grand Total	\$340

The Town of Hyde Park has identified no recent change in rates. No rate change is anticipated for 2015.

In addition, properties in the Greenfields Sewer District (excluding those in Greenfields East) pay an annual tax assessment of about \$68 per property to fund debt service on the District's outstanding bonds.

Multi-Year Expense and Revenue Evaluation

For purposes of this Report, actual revenues and expenses for 2011 through 2013 were evaluated, as were the projected revenues and expenses for 2014, and budgeted revenues and projections for 2015. A summary presentation is provided below in the table below.

GREENFIELDS SEWER DISTRICT Multi-Year Budget Evaluation

	2011 ACTUAL	2012 ACTUAL	2013 ACTUAL	2014 ADOPTED BUDGET	2014 ADJUSTED BUDGET	2015 ADOPTED BUDGET
Beginning Fund Balance	110,577	179,018	187,026	67,627	67,627	37,627
Annual Expenses	103,191	115,899	234,536	130,000	161,000	130,000
Power/Chemicals	19,528	13,622	17,653	15,000	20,579	18,000
Operations	47,179	45,767	43,735	44,735	45,135	44,735
ERM	3,765	5,373	28,595	13,265	40,486	12,265
Sludge Hauling	16,979	12,150	14,580	17,000	17,800	15,000
Lab/Sampling/Permit	3,600	3,745	3,628	3,689	1,689	2,000
Administration	7,398	9,136	11,501	10,000	10,000	10,000
Legal/Engineering	4,742	4,509	1,096	5,000	4,000	7,000
Insurance		1,870	2,000	2,000	2,000	2,000
Debt Service		19,727	19,372	19,311	19,311	19,000
Transfer to Other Funds			92,377			
Annual Revenues	171,632	123,906	234,536	130,000	161,000	130,000
Sewer Sales/Penalties	75,444	78,925	97,451	79,689	99,689	111,000
Property Taxes	92,446	41,366	17,686	19,311	19,311	19,000
Other	3,742	3,616		1,000	12,000	
Transfer from Fund Balance			119,399	30,000	30,000	-
Ending Fund Balance	179,018	187,026	67,627	37,627	37,627	37,627

The system was impacted in 2013 and 2014 by increased equipment repair and maintenance expenses, which should be anticipated for a system of this age and condition. Due to utility rate increases, electrical costs continue to trend upward. In addition, under the current Administration, the Town has taken steps to understand and more appropriately assign value to the level of effort required by Town personnel to administer each water and sewer system under its purview. Accordingly, the Town has annually increased its administrative charges to the system, and intends to continue to do so until the budgets reflect the full value of services provided.

Through the system evaluation, the need for increased oversight from professional management has become evident. As the System ages the need increases for this type of management. At the time of this writing, the District enjoys pro bono engineering consulting services to assist with oversight of operations of its water and sewer systems, provided by the Town engineering consultant currently under retainer for all other engineering services to the Town. This situation is considered a temporary stop gap measure until a permanent solution involving professional management can be arranged or the districts are transferred to the DCWWA. If the stop gap measure is to become the norm, it is generally acknowledged that the systems should contribute toward the Town's annual engineering retainer fee.

The District had a sizable fund balance at 2012 year end (\$187,000), and has utilized that fund balance to address necessary equipment and repair issues in the system. Additionally, a large transfer (\$92,377) was made to "other funds" in 2013, as a repayment to the Town General Fund. Based on the Adjusted 2014 budget, the District is anticipated to end 2014 with approximately \$37,600 remaining in fund balance.

System fund balance is the difference between a District's current assets and its current liabilities. Any fund balance which is not designated or reserved for specific purposes serves as a general operating contingency fund for the District, to provide for cash flow and to enable the District to respond to unanticipated events or emergencies during the year. The determination of the appropriate level of fund balance to maintain should also take into account the projected cost of needed system maintenance and improvement items that have been identified, and the plan for financing those improvements.

The engineering evaluation identified numerous Urgent Items and, while some have been addressed, such as providing secondary containment for chemical bulk storage, DCWWA estimates the cost of the remaining items to be approximately \$30,000. Key among these is the need to inspect the underground fuel storage tank, to repair the dosing tank control panel and motor starters, and to provide a disconnect switch for the influent grinder. Note that the cost of these Urgent Items would expend virtually all of the remaining fund balance.

Potential future water district bonding and State Tax Cap implications

At present the Greenfields Sewer District has outstanding bonded indebtedness. The engineer has identified \$1.2 M of Short Term Items, and an additional \$1.3 M in Long Term items to be addressed. It will be unaffordable to fund all of these items through current system revenues. The majority of these items constitute major capital investments and are appropriate to be financed through long term bonds. As permitted by Town Law §202, a Special District, such as the Greenfields Sewer District, may levy special assessments on benefited property within the district to fund capital improvements. The Town of Hyde Park Board serves as the governing board for the Greenfields Special District and has the power to levy special assessments (benefit assessments) on benefited properties within.

In accordance with “The Property Tax Cap Guidelines for Implementation” published by the NYS Department of Taxation and Finance and the NYS Department of State (Publication 1000 9/11), for the purposes of the New York State Property Tax Cap Law, any such benefit assessments levied by the Town in the District must be applied to the tax levy limit of the Town. Under this scenario, the Town may be forced to adjust the Town wide budget to remain under the tax cap limit or breach the cap in order to finance repairs within a Special District such as the Greenfields Sewer District.

Proposed Transfer of Ownership to DCWWA

Benefits of transfer to DCWWA

The stated mission of the DCWWA is, “to protect and enhance the health, environmental sustainability and economic stability of Dutchess County and its residents through the provision of clean drinking water and proper treatment of wastewater, acting at all times with a commitment to accountability and transparency.” Through strong operational oversight and sound fiscal management, the DCWWA is committed to providing reliable service to its water and sewer system customers at a reasonable cost commensurate with the cost of proper operations.

All meetings of the DCWWA Board of Directors are open to the public. Through the website www.DCWWA.org, the public has access to annual drinking water quality reports; approved system rates; board meeting schedules, agendas and minutes; and emergency contacts information. Via this website, customers and interested parties may receive timely advisories and alerts, including emergency notifications and announcements of routine system maintenance, such as sewer line flushing. Customer newsletters mailed with every utility billing statement contain 24/7 emergency contact information, updates on improvement projects, and reminders regarding the basic rights and responsibilities between the customer and service provider.

The DCWWA maintains sound fiscal management practices and controls in accordance with government accounting and other applicable standards and guidelines. Policies addressing

Procurement, Accounting, Investment and Banking, and Property Disposal are annually reviewed and adopted, and are available to the public. The DCWWA is subject to an annual audit by an independent, certified accounting firm. As the owner of fifteen public water and sewer systems, the DCWWA's significant purchasing power and strong emphasis on competitive procurement leads to more economical pricing for goods and services ranging from contract operations to sludge hauling and chemical purchases.

The DCWWA Board is responsible for annually approving budgets and establishing rates for each system. Draft budgets and rates are prepared in early November, and made available to customer advisory committees, local elected officials and interested customers. Proposed rates are posted on the DCWWA website. A public hearing on the draft budget and rates is held in mid-November. Budgets and rates are approved by the Board at its December meeting. Final rates are distributed to all customers in the next bill mailing and posted on the Authority website.

DCWWA staff includes a licensed engineer and experienced water and sewer operators that hold the highest levels of licenses and certifications. This strong and knowledgeable management provides the opportunity to monitor and address issues in a timely manner, to ensure regulatory compliance and continuity of service, to ensure routine maintenance is completed thereby prolonging equipment lifecycles and avoiding unnecessary repairs, and to avoid unintended consequences with serious negative outcomes.

The DCWWA annually develops and adopts a 5-year capital improvement plan for its water and wastewater systems. The project management capabilities of a full-time professional staff enable DCWWA to consistently complete major capital improvement and expansion projects on-time and on-budget. DCWWA enjoys an "AA" rating from Standard & Poor's, allowing it to bond for capital improvement projects at low interest rates. In addition, the DCWWA has often been successful in obtaining grants and low-interest loans to keep project costs as low as possible.

Ownership and Operation of Greenfields under DCWWA

DCWWA operates its water and sewer systems with a combination of staff and contract operators. Should ownership of the Greenfields Sewer System be transferred to DCWWA, the current contract operator would be retained to ensure a smooth transition. Oversight of the contract operator would be provided by DCWWA's Director of Operations with assistance from its System Operations and Maintenance Specialist. DCWWA solicits proposals for contract operations on a three year cycle. DCWWA will periodically analyze whether it is more cost effective to continue to use a contract operator for Greenfields, or to assign DCWWA staff to operate the System.

By effective management of the consultant contract for the engineering evaluation of the Greenfields Sewer System, the DCWWA project manager was able to allocate sufficient funds from the project grant to provide for both the provision of manhole cover shells within several District manholes, and to video tape a suspect section of the collection system, both of which were beyond the original scope of the project and provided important added benefit to the District.

A projected 2015 system budget has been prepared by DCWWA, and is presented in summary form below. This budget projection assumes the System is transferred to the Authority during 2015. Should the system be transferred mid-year, the budget would be pro-rated for the portion of the year DCWWA would own the system.

**DCWWA 2015 BUDGET PROJECTION
GREENFIELDS SEWER DISTRICT**

Beginning Fund Balance	37,627
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Annual Expenses	142,635
Power/Chemicals	18,379
Operations	47,475
ERM	10,500
Sludge Hauling	17,000
Lab/Sampling/Permit	3,855
Administration	21,898
Legal/Engineering	2,250
Insurance	2,278
Debt Service	19,000
Transfer to Other Funds	
Annual Revenues	142,635
Sewer Sales/Penalties	123,635
Property Taxes	19,000
Other	
Transfer from Fund Balance	-
Ending Fund Balance	37,627

DCWWA has projected expenses for 2015 that are about \$12,600 (10%) higher than the Town's adopted budget for the District. These projections reflect sludge hauling expenses more in keeping with historical levels, and more pro-active management and oversight of system operations to address deficiencies identified in the engineering evaluation.

As with its interim technical advisory role at the Pinebrook Sewer District (pursuant to an agreement with the Town) DCWWA would work to reduce the incidence of emergency repairs to the system, and implement best management practices to reduce (and eventually eliminate) permit violations, odors, noise emanations, corrosive atmosphere (inside building) and help to

extend the life span of imperiled equipment. Specifically, DCWWA would utilize its in-house knowledge and expertise to address the need for sludge tank and sand filter operation and maintenance plans. DCWWA will seek to develop practical repairs to address remaining priority items on the list of “Urgent” needs identified by the engineering evaluation.

The engineering evaluation has identified approximately \$1.2 million in Short Term needs, and an additional \$1.3 million in Long Term needs. It would be DCWWA’s intent to finance the next level of engineering analysis and design through a one year bond anticipation note, that would ultimately be rolled into the long term bonding once the final scope of the construction project is determined.

DISCUSSION OF STEPS AND TIMELINES TO ACHIEVE TRANSFER

Upon final completion of this Reorganization and Study and after the Town has held the required public hearing on the Study, the Town may then formally accept this Reorganization Study. It is anticipated that the Town would then make a final determination on whether to proceed with the transfer of ownership of the Greenfields Sewer System and the dissolution of the Greenfields Sewer District. Should the Town opt to proceed, the steps would be as discussed below.

Provisions of General Municipal Law Article 17-A process for Dissolution

The recently enacted “New York Government Reorganization and Citizen Empowerment Act” establishes procedures in Article 17-A of the General Municipal Law for the dissolution of special improvement districts, such as the Town of Hyde Parks water and sewer districts. The dissolution of a special district can be initiated by a citizen’s petition, or by action of the governing body. This project relates to the dissolution of a special district initiated by the governing body.

A Proposed Dissolution Plan, meeting the requirements of Article 17-A, has been developed as part of this Reorganization Study, and is included as Appendix D to this report. Should the Town Board decide to proceed with the possible dissolution of the Pine Brook Sewer District, its first step would be to adopt a resolution endorsing the Proposed Dissolution Plan. After the endorsing resolution is adopted, the Proposed Dissolution Plan is to be made available for public review, and a public hearing held, no less than 35 days and no more than 90 days, after adoption of the Town’s endorsing resolution.

After completion of the public hearings, the Town may amend the Dissolution Plan, approve a final Dissolution Plan, or decline to proceed further with dissolution proceedings. A decision by the Town to proceed with dissolution must be made within 180 days of the Town’s endorsing resolution.

The DCWWA’s ability to accept ownership of the Greenfields Sewer System is predicated on

the creation of a Part County Sewer District by resolution of the County Legislature, as discussed below. As this is a discretionary action by the Legislature, and one which may be subject to a public referendum, it is recommended that the Town defer its final approval of the Dissolution Plan until after the Part County Sewer District is established.

Creation of Part County Sewer District

As the first step in the transfer of ownership of the Sewer System, the DCWWA would request that the County form a new Part County Sewer District. The purpose of the Part County Sewer District is to delineate those properties that are provided services by the Pine Brook Sewer System, and to enable Dutchess County to levy assessment on the DCWWA's behalf to fund debt service on any bonds issued for capital improvements to the System.

The creation of a Part County Sewer District would be established pursuant to the provisions of Article 5-A of New York State County Law. The DCWWA would prepare and submit to the Legislature a Map, Plan and Report (MPR) containing the information required for the formation of a proposed Dutchess County Part County Sewer District including; the properties to be included; a description of the current and proposed infrastructure by which sewage will be collected, treated and discharged; the estimated capital expenditure for the acquisition, construction or improvement of the facilities; and an estimate of the total annual cost (capital and operation and maintenance) for a typical property included in the proposed County District.

The Legislature must hold a public hearing before acting, by resolution, to create the Part County Sewer District. The resolution of the Legislature is then subject to a forty-five (45) day permissive referendum period. A referendum on the County Legislature's action is triggered by a petition signed by 5% or 100, whichever is lesser, of the owners of taxable real property within the proposed district. Eligibility to vote in a referendum under County law is limited to "resident electors," being individuals who are registered to vote and reside within the proposed district. Eligible voters do not need to be property owners. The action of the County Legislature is upheld if approved by majority of those voting in the referendum.

Legal Issues

In accordance with the opinion of the Town Attorney (Appendix B) and the Draft Dissolution Plan (Appendix D) there have been no issues identified that would prohibit or impede either the transfer of ownership of the Greenfields Sewer System to the DCWWA nor the dissolution by the Town of the Greenfields Sewer District.

The District currently has approximately \$239,500 in outstanding bonded indebtedness as of the end of 2014. The Town Attorney, in consultation with the Town's bond counsel and DCWWA bond counsel, advises that, pursuant to §1124(5) of the Public Authority's Law, DCWWA is able to "assume primary responsibility" for the payment of the portion of the 2011 bonds outstanding

for Greenfields through a contractual agreement with the Town with a schedule of monies to be paid by DCWWA to the Town for debt service when due.

State Property Tax Cap Implications of Transfer

At the time of this report the Greenfields Sewer District annually levies benefit assessments to fund debt service on outstanding bonds. In accordance with “The Property Tax Cap Guidelines for Implementation” published by the NYS Department of Taxation and Finance and the NYS Department of State (Publication 1000 9/11), for the purposes of the New York State Property Tax Cap Law, any such benefit assessments levied by the Town in the District must be applied to the tax levy limit of the Town. The Town Attorney has been advised by the State Comptroller’s office that, upon transfer of a District’s assets to DCWWA, a new tax cap levy would be calculated by the State Comptroller (see further discussion in Appendix D.)

Final Transfer and Dissolution

Upon successful formation of Zone of Assessment by the Dutchess County Legislature, and final approval of the Dissolution Plan by the Town, ownership of the Sewer System would then transfer to the DCWWA in accordance with the terms and conditions set forth in an agreement between the DCWWA and the Town of Hyde Park for the transfer of all system assets including real and personal property, accounts payable/receivable and current funds on hand. DCWWA would be responsible for applying to the NYS Department of Environmental Conservation for a State Pollution Discharge Elimination System (SPDES) Permit. All assets of the District transferred to DCWWA shall be used for the benefit of, and specifically to meet the continued obligation to provide sewer service to, the properties that comprise the current District.

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